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1. DDR State Secretary for Foreign Trade Gregor announced in late December 1951 that negotiations on agreements with other Eastern countries were lagging behind schedule. Difficulties existed in the completion of export treaties with Bulgaria, China, Albania, and Rumania. Poland, Rumania, China, and Czechoslovakia were not cooperating fully on import negotiations, which were being delayed by disagreements on meat deliveries and, in the case of Czechoslovakia, on machine quality and specifications.

2. Gregor reported outstanding debts on export payments of 321 million DM East to Eastern countries and 389 million DM East to eastern states. Of the 321 million amount, the following breakdown was listed by Gregor as being the responsibility of the nationalized segment of the DDR economy and the SAC plants:

a. Ministry for Machine Construction	135.0 million DM East
Ministry for Light Industry	4.4 " " "
State Secretariat for Chemicals	3.7 " " "
Total:	143.1 " " "

b. SAC Plants	
Machine Construction	62.8 " " "
Light Industry	.7 " " "
Chemicals	9.6 " " "
Mining	1.7 " " "
Total:	74.8 " " "

Gregor further noted that the current 131.7 million DM East total balance would probably be reduced to 70 million by 31 December 1951. This would be an improvement over the end of 1950, when the balance was 253 million.

3. The Ministry of Machine Construction announced that many export orders had been delayed considerably by construction difficulties. Severe material shortages, such as boiler sheets, special pipes, etc., had caused non-fulfillment of quotas. In addition, an inventory backlog of commodities produced by the polygraphic and textile industries, amounting to around 16 million DM East had resulted from the cancellation of export contracts. In order to curtail this backlog as much as possible, the Ministry of Foreign Trade was asked to give immediate notification of cancellations so that production capacities could be otherwise employed.

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4. SAG quotas for export had largely been fulfilled and in part loaded through mid-December 1951. Some of the orders, however, could not be filled until the first quarter of 1952, because necessary materials were not available and because the Ministry of Foreign Trade had not delivered required imports in the necessary amounts. Further delays had been experienced, as in the case of the Czechoslovakian contract, because specifications had not been established in time. Lax procedures were to blame in the non-fulfillment of an order for Rumania: an offer was made to DIA on 6 June 1951 for the purchase of tachometers, but the proper order and technical specifications were not available until 6 December 1951; it is hoped to deliver the instruments sometime during the first quarter of 1952. An order from the USSR for calculating machines could not be delivered because no confirmation had been received from Moscow.
5. The Ministry of Machine Construction reported a shortage of 20,000 tons of pig iron and emphasized the importance of fulfilling the import plan. The Ministry of Foreign Trade announced that 6,800 tons were expected by 31 December 1951 from the Soviet Union and other countries, and that prospects for the first quarter of 1952 are for 18,000 tons to be imported from the following countries:

Soviet Union:	10,000 tons
Austria :	2,500 "
Holland :	5,000 "
Sweden :	300 "

In order to produce quality castings, metallic silicide is needed, while an adequate supply of foundry pig iron is necessary to lessen the number of rejects.

6. The SAG industries noted the serious situation in the production of aluminum. It might become necessary to halt production entirely in the very near future if imports and deliveries from Lauta of argillaceous earth are not insured immediately; a shortage of 697,000 tons of imports already exists. Gregor has requested a prompt explanation from Hungarian agencies, and State Secretary van Rickelen* is to devote all of his attention to this problem.
7. Heinrich Rau of the State Planning Commission has directed the following criticisms at the Ministry of Foreign Trade:
 - a. There is no clearly defined supervision of the settlement of export orders. In the future, the Ministry of Finance will exercise a stricter control over the various DIA's, beginning with DIA-Maschinenbau and DIA-Elektrotechnik. The Finance Ministry will check factory accounts and will propose methods designed to improve the keeping of records. Rau has emphasized that each bookkeeping error costs the DDR millions of Marks.
 - b. One reason for the deficit in exports is the lack of fulfillment of the import plan and the consequent serious shortages of materials.
 - c. Misleading reports submitted by the Ministry of Foreign Trade injure DDR production. Overly optimistic accounts which have included deliveries not scheduled until 1952 are serious mistakes. Rau demanded that future situation reports be sober, objective, and uncolored.
 - d. The tendency to view foreign trade as a matter of profit and loss harms the construction endeavor of the entire Eastern Bloc; the factor with which the Eastern countries reckon is the punctual fulfillment of contract obligations.

25X1A * Comment: State Secretary van Rickelen, head of the independent State Secretariat Chemie, Steine und Erden (State Secretariat Chemistry, Stones and Clays).

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